

Service Date: November 20, 2002

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application	)	UTILITY DIVISION
of MDU RESOURCES GROUP, INC. for	)	DOCKET NO. D2002.11.138
Authorization of the Issuance of up to	)	DEFAULT ORDER NO. 6460
\$750,000,000 worth of additional Securities	)	

On November 4, 2002, MDU Resources Group, Inc. ("MDU") filed an application with the Montana Public Service Commission ("Commission") seeking authority to issue up to \$750,000,000 worth of additional securities of the Company as proposed in the application. The application is filed pursuant to Title 69, Chapter 3, Part 5, MCA.

The application was supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana. For detailed information with respect to the general character of MDU's business and territory served by it, reference is made to its annual report on file with the Commission.

At a regular open session of the Montana Public Service Commission, held at its offices on November 19, 2002, there came before the Commission for final action the matters in this Docket, and the Commission, having fully considered the application and data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

### **FINDINGS OF FACT**

1. mdu is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.

2. MDU is operating as a public utility as defined in 9-3-101 and 69-3-102, MCA, and as such is engaged in furnishing electric and gas service in Montana.

3. The Commission has jurisdiction over the subject matter of said application under Title 69, Chapter 3, Part 5, MCA.

4. MDU applies for a Commission order for authorization:

(A) for issuance, over a two-year period (unless otherwise specified herein regarding stock purchase contracts and hybrid securities), of some or all of the following kinds of securities, as mdu determines to be necessary to obtain for MDU, not to exceed \$750,000,000 of long-term financing for the purposes hereinafter discussed:

(i) for the issuance of not to exceed \$750,000,000 worth of MDU's Common Stock;

(ii) for the issuance of not to exceed \$112,500,000 worth of the MDU's Preferred Stock and/or Preferred Stock A;

for the issuance of not to exceed \$262,500,000 worth of the MDU's secured debt securities (including, within limitation, first mortgage bonds or secured medium-term notes ("New Mortgage Bonds") or other secured debt securities ("Senior Notes"), some of the proceeds of which may be used to purchase, defease or redeem existing medium-term notes secured by MDU's Indenture of Mortgage ("Secured Medium-Term Notes") or short-term debt securities), and/or subordinated or un-subordinated unsecured

debt securities, notes, or other evidences of indebtedness and/or guaranties issued from time to time;

for the issuance of not to exceed \$262,500,000 worth of stock purchase contracts to purchase Common Stock, Preference stock or other equity securities and/or stock purchase units (each representing ownership of a stock purchase contract and debt securities, preferred securities, preference securities, or debt obligations, equity securities or trust preferred securities of one or more subsidiaries of MDU, a subsidiary trust or third parties (including U.S. Treasury securities) securing the holder's obligation to purchase Common Stock, Preference Stock or other equity securities), and/or warrants;

for the issuance of not to exceed \$262,500,000 worth of other securities, including, without limitation, hybrid securities issuable directly or indirectly by MDU and any related guaranties, such as convertible or unconvertible preferred securities, putable and callable instruments, together with associated put or call rights, subordinated debt, and mandatorily convertible instructions;

(vi) MDU seeks the flexibility to vary the maximum issuance amounts set forth above for each type of security, so long as the aggregate issuance amount of all such securities does not exceed \$750,000,000;

(B) for the issuance of all the above securities (the "Securities") by methods which may include other than competitive bidding and negotiated offers, as expressly permitted by

Section 34.2.(a)(3)(iii) of the Code of Federal Regulations (C.F.R.). See Section VI of this Petition.

MDU requests that a single order be issued to authorize the relief requested by this application. MDU seeks the flexibility to issue the Securities in one or more public offerings, private placements, direct placements, or agency transactions, or any combination of these methods of issuance, so long as any method of issuance used by MDU is deemed to be in the best interest of MDU, its customers and its stockholders.

MDU requests that the authorization granted pursuant to this application permit MDU to issue and sell the Securities from time to time, in one or more transactions, over a period of two years (unless otherwise specified in the application regarding hybrid securities, stock purchase contracts, stock purchase units and warrants) from the date of the Commission's order herein, with said authorization expiring December 31, 2004, and that said authorization supersede and replace the Commission Order dated November 8, 2000 and amended November 14, 2000 (Docket No. D2000.10.173, Default Order No. 6288).

5. The proceeds of issuance of the Securities would be used for funding the MDU's capital requirements, for the refunding of its outstanding obligations, for corporate development (including, without limitation, the issuance of any of the Securities in a private placement with the seller or sellers of a business, or its assets, being acquired, or the issuance and sale of the Securities in one or more public offerings, direct placements, or agency transactions, or any combination of these methods, the cash proceeds therefrom being applied to finance the acquisition of businesses or business assets, or the issuance and exchange of the Securities for other securities), and for other general corporate purposes.

6. The transactions proposed by MDU (a) are consistent with the public interest; (b) are for a purpose or purposes permitted under the laws of the State of Montana; (c) are necessary or appropriate for and consistent with the proper performance by MDU of service as a public utility; and (d) will not result in a situation in which the aggregate amount of the securities outstanding and proposed herein to be outstanding will exceed the fair value of the properties and business of the MDU.

### **CONCLUSIONS OF LAW**

The securities transactions proposed by MDU, as herein authorized, will be for a lawful purpose and are consistent with the public interest; the same are appropriate and consistent with the necessary performance of MDU of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of MDU.

### **ORDER**

IT IS HEREBY ORDERED by the Commission:

1. The application of MDU Resources Group, Inc. for authority to issue up to \$750,000,000 worth of additional Securities as proposed in the application, is hereby approved and authority is granted. This authority is effective immediately through December 31, 2004.

2. By order dated November 8, 2000, and by amended order dated November 14, 2000 in Docket No. D2000.10.173, Default Order No. 6288, the Commission authorized MDU to issue, from time to time over a two-year period, up to \$750,000,000 of the MDU's securities (the "2000 Authorization"). Upon the MDU's request, the Commission hereby orders that the authority granted herein shall supersede and replace the 2000 Authorization, effective

immediately, without affecting the validity and authorization of Common Stock issued under the 2000 Authorization prior to the date of this Order.

3. Approval of this filing is based on MDU Resources Group, Inc.'s assurance that the issuance of the Securities will not have an adverse effect on MDU nor effect any change in the cost or quality of service to the MDU's ratepayers. Also, MDU stated in the filing that the issuance of Securities will not impair the MDU's ability to perform its public utility service.

4. Neither the issuance of securities by MDU pursuant to the provision of this Order nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed or guaranteed hereunder.

5. The approval of this application shall not be construed as precedent to prejudice any future action of this Commission.

6. Issuance of the Order does not constitute acceptance of the MDU's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 19th day of November, 2002, by a vote of 4-1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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GARY FELAND, Chairman

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JAY STOVALL, Vice Chairman

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BOB ANDERSON, Commissioner

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MATT BRAINARD, Commissioner

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BOB ROWE, Commissioner

ATTEST:

Rhonda J. Simmons  
Commission Secretary  
(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.